

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 508 - SB 975

March 24, 2015

SUMMARY OF BILL: Abolishes the Achievement School District (ASD) at the close of the 2015-2016 academic year. Local education agencies (LEAs) which formerly had responsibility for an ASD school shall resume responsibility of such schools. Any teacher employed by the ASD who was formerly employed by the LEA, may return to the LEA as employee, at the LEA's discretion. Authorizes LEAs to hire any licensed teacher employed by the ASD who was not formerly employed by the LEA. The LEA in which a public charter school is located shall become the chartering authority for the ASD authorized public charter schools. All school buildings, facilities, property, and assets provided by the LEA to the ASD for ASD operated schools shall be returned to the LEA. Makes various other changes relative to the abolishing of the ASD within Tennessee Code Annotated.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – State and local Basic Education Program funding in an amount estimated to exceed \$60,098,200 will transfer from the Achievement School District to local education agencies in FY15-16. In FY16-17 and subsequent years, BEP funding will be paid to the LEA instead of to the former ASD as part of the regular BEP funding formula. Federal funding in an amount estimated to exceed \$11,600,000 will be reallocated from the ASD to the Department of Education or LEAs beginning in FY15-16.

Assumptions:

- The ASD central office personnel are funded through Race to the Top funding. As such, there is no decrease in state expenditures as a result of abolishing these positions.
- State and local BEP funding will transfer from the ASD to the local education agencies in which ASD schools currently operate. Based on information from the Department of Education, the one-time transfer of funding is estimated to exceed \$60,098,200.
- In future fiscal years, LEAs will continue to receive state and local BEP funding for former ASD schools and students, as part of the regular state and local BEP funding formula.
- Federal funding will be reallocated from the ASD to other budget items. The amount of federal funding that will be reallocated in FY15-16 and subsequent years is estimated to exceed \$11,600,000.

- It is anticipated that the transfer of state and local BEP funding from the ASD to LEAs will be sufficient to pay for any administrative expenses that LEAs will have relative to resuming operation of schools; to authorize additional public charter schools formerly authorized by the ASD; or to hire additional teachers as the LEA deems appropriate.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

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